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IBTEX No. 3 of 2020 January 4, 2020

US 71.76| EUR 80.08 | GBP 93.92| JPY 0.66

Cotton Market (Jan 03, 2020)		
Spot Price - Shankar 6 (Ex. Gin), 28.50-29 mm		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
18852	39400	**70.03**
Domestic Futures Price (Ex. Warehouse Rajkot), January		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
19690	41152	**73.14**

International Futures Price	
NY ICE USD Cents/lb (March 2020)	69.27
ZCE Cotton: Yuan/MT (May 2020)	14,070
ZCE Cotton: USD Cents/lb	91.64
Cotlook A Index – Physical	**77.85**

Cotton Guide- The Indian basis is almost approaching NULL. This implies good news for the Indian Exporters. There have been good amount of enquiries from China and the Far East for Indian Cotton. Furthermore, Indian Cotton being cheapest has its price advantage.

The Bullishness in International pricing continues with quarter cent gains. The ICE March contract settled at 69.27 cent per pound with a change of +22 points. The ICE May contract settled at 70.45 cents per pound with a change of +27 points. The Volumes were average at 36,606 contracts.

Higher gains were seen for the MCX contracts with triple digit increments. MCX January contract settled at 19,690 Rs per Bale with a change of +120 Rs. MCX February contract settled at 19,940 Rs per Bale with change of +90 Rs. At MCX Volumes were seen at their peak at 1597 lots, which indicates that the sentiments are bullish for this month.

While speaking about the cotlook Index, a decline has been registered by -50 points; now the figure is at 77.85 cents per pound. Shankar 6 prices according to CAI have been kept unchanged at 39,400 Rs per Candy.

Money managed funds are increasing their long positions which is taking the prices upward. According to CFTC report, ICE cotton speculators switched to a net long position of 3,916 contracts.

This evening we will have the US Export sales figures released. We are expecting these figures to be average. However, on the fundamental front, we are bullish for the upcoming fortnight. For MCX too we presume prices will show an increase upto 400 Rs per Bale.

On the Geopolitical front, the trade deal is anticipated to be signed on 15th January 2020.

On the Technical front, in daily chart, ICE Cotton March price paused its rally after testing the 100% Fibonacci extension near 69.56. Meanwhile support holds near 5 day EMA (69.02), followed by 68.61 (9 DEMA). The bias is still on the positive bias as positive crossover of 5 DEMA above 9 DEMA and higher RSI which moves around 67 supports the firmness in strength. Thus for the day we expect price to trade in the range of 69.86-69.05 with a sideways bias. Only a sustained move above 69.56, would rise further towards the 69.90-70.94 zone. In MCX Jan Cotton, we expect the price to trade within the range of 19400-19750 with a sideways bias. Only close above 19750 would initiate fresh buying interest in price.

Compiled By Kotak Commodities Research Desk , contact us : mailto:research@kotakcommodities.com or can contact: allwyn.stewart@kotakcommodities.com, Source: Reuters, MCX, Market source

NEWS CLIPPINGS

INTERNATIONAL NEWS

USA: Cotton Prices Remain Calm for Now, But Some Volatility Ahead

Following a rollercoaster year, cotton prices have stabilized, but some volatility remains in the forecast.

Spot prices for U.S. cotton averaged 62.46 cents per pound for the week ended Dec. 19, according to the U.S. Department of Agriculture (USDA). The weekly average was up from 61.60 the prior week, but down from 73.12 cents a year earlier, USDA reported.

Cotton Incorporated's monthly analysis that came out in mid-December showed most benchmark prices were stable over the preceding month. The March New York futures contract held to values near 65 cents per pound, while the A Index, an average of global cotton prices, was steady at around 75 cents per pound.

The China Cotton Index consistently traded near 84 cents a pound, Cotton Inc. noted. Indian cotton prices were stable at around 71 cents a pound, while Pakistani prices fell to 69 cents per pound from 73 cents.

The instability caused by the U.S.-China trade dispute contributed to disturbances in import-export patterns, and whether a final agreement is reached or not, those shifts could have long-terms effects. Cotton Inc. said China's imports of cotton fiber have declined in recent months–from August through October, China's imports were 32 percent to 43 percent lower than one year ago.

"This is a remarkable shift relative to last crop year's large increase in imports," Cotton Inc. said. "In 2018-19, China imported 70 percent more cotton than in 2017-18. Several factors likely contributed to the reversal.

One is the slowdown in the domestic economy and weaker domestic downstream demand. Another is the slowdown in external downstream demand due to tariffs and a slower global economy. A third contributor is that domestic cotton prices have been more attractive relative to imports than they generally are."

This all follows a chaotic year for the global cotton sector.

The International Cotton Advisory Council's (ICAC) "Review of the World Situation," said the 2018-19 season "featured rollercoaster prices, with decreasing production, area and yields."

ICAC said global stocks at the start of the season were 1 percent higher than the previous season at an estimated 18.7 million tons. At 84 cents per pound, the international reference price of cotton was lower than the previous season's ending average of 88 cents.

After a 99.5 cent per pound price at the start of the season, prices fell throughout the year, bottoming out near 50 cents per pound in early summer. The global area under cotton decreased 1 percent to 32.6 million hectares, while global yield fell 2 percent, but remained above the 10-year average. As a result, global production declined 3 percent to 25.7 million tons.

"Weakening economic growth amidst trade issues set the environment for a decrease in consumption, with a near 1 percent loss to 26.2 million tons," ICAC said. "With consumption exceeding production, global ending stocks for the season decreased by 2 percent to 18.3 million tons."

As ending stock levels in China lowered, the ratio of stocks held in China and stocks held outside of China inverted, with 52 percent of global stocks now being held outside of China.

"New uncertainties have emerged in addition to the usual risks facing agriculture," ICAC said. "Following several years of relatively calm market conditions, world agricultural markets today face mounting risks, including policy uncertainty from trade tensions.

Open, transparent and predictable trade is important for the cotton market and its role as an important commodity in the global economy."

Source: sourcingjournal.com- Jan 03, 2020

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Tariffs Not Helping U.S. Manufacturing Sector, Report Says

The Trump administration's import tariff increases have been a drag on U.S. manufacturing employment and have failed to increase the sector's output, according to a recent Federal Reserve Board report.

Part of the purpose of the tariffs is to boost the U.S. manufacturing sector by protecting it against what have been deemed the unfair trade practices of trading partners, principally China.

Achieving this goal could be seen as a justification for the negative consequences the tariff increases have had on the broad economy, the report states, including higher prices, lower consumption, reduced business investment, and drops in the valuations of affected items.

However, the report concludes that the higher tariffs are associated with reductions in manufacturing employment and increases in producer prices, which have contributed to a noticeable decline in manufacturing output since the end of 2018.

For employment, a small boost from the import protection effect of the tariffs has been more than offset by larger drags from the effects of rising input costs and retaliatory tariffs imposed by U.S. trading partners. For producer prices, the effect of tariffs is mediated solely through rising input costs.

The report acknowledges that there could be a more substantial expansion of U.S. manufacturing activity in the longer term as firms fully adjust their supply chains to avoid the tariffs.

However, the report states that there is "suggestive evidence" that manufacturing activity priced out of China by the tariffs is more likely to relocate to other East Asian countries than the U.S.

Source: strtrade.com - Jan 03, 2020

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Moroccan Government adds Tariffs on Clothing from Turkey despite FTA

Companies importing clothing will have to pay a new Moroccan tariff of 27% on textiles from Turkey, despite the Morocco-Turkey free trade agreement (FTA), reports L'Economiste. The tariff, effective January 1, 2020, will continue to impact Morocco-Turkey trade until December 31, 2021.

Businesses that buy imported Turkish clothing and other textiles to sell in Morocco will now have to pay a tax of 27% before selling the clothing, making Turkish clothing more expensive for Moroccan consumers.

Morocco and Turkey signed an FTA in 2004 and implemented the agreement in 2006. In the 14 years since the FTA began, Moroccan-Turkish trade ballooned, and sales of Turkish textiles to Morocco reached $1 billion (MAD 9.6 billion) in the year 2018, according to the Office of Exchange.

Textiles are one of the main exports of Turkey to Morocco, accounting for nearly 50% of their $2.24 billion (MAD 21.5 billion) in total exports to Morocco in 2018.

The 27% tariff will dramatically increase the cost of Turkish clothing in Morocco from the rate of 0% a few months ago.

The Moroccan textile tariff for Turkey increased along with other products at the beginning of the year. The 2020 Finance Bill raised the tariff on products taxed at 25% to 30%. Because the rate on Turkish textiles was set to 90% of that tariff rate, it increased from 22.5% in late 2019 to 27%, beginning January 1.

In November, Morocco's Minister of Trade Moulay Hafid Elalamy met Turkish Minister of Trade Ruhsar Pekcan in Istanbul to discuss the FTA.

Elalamy had threatened to take Morocco out of the FTA with Turkey earlier in the year, following reports that Turkey still imposes obstacles to Moroccan imports, in violation of the free trade agreement.

Source: moroccoworldnews.com- Jan 03, 2020

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Global cotton prices forecast to fall in 2019-20, 2020-21

Cotton prices will remain weak in the 2019-20 and 2020-21 seasons as supplies of cotton outstrip demand and surpluses grow, according to a report in issue 200 of 'Textile Outlook International' by global business information firm Textiles Intelligence. One factor affecting cotton price is weak demand caused by uncertainty arising from the US-China trade war.

Until relations between the two countries improve, demand for cotton will remain suppressed and so will the cotton price, unless there are major revisions to crop estimates or there are signs of greater strength in the global economy, the company said in a press release.

In fact, the average price of cotton has been falling since the beginning of 2018-19, and in 2019-20 it is forecast to fall further to only 76 US cents/lb, which would be 11 US cents/lb lower than the average for 2018-19.

The continued weakness in cotton prices has been reinforced by an increase in the size of the global stockpile that has reversed recent declines.

Indeed, surpluses are growing in the main producing nations, and stock levels at the end of the 2019-20 season (July 31, 2020) are expected to be 1.3 per cent higher than they were at the beginning (August 1, 2019).

Global consumption of cotton is expected to rise in the 2019-20 season as Chinese demand stabilises. But there is also expected to be a rise in global cotton production during 2019-20 as yields in India rebound and plantings increase in the United States.

As a result, global cotton production will exceed demand, stocks will rise and this will put downward pressure on the cotton price, the report said.

This pressure on prices will continue into 2020-21 as demand is forecast to remain weak while yields are expected to improve as a consequence of better weather conditions. In fact, the global cotton crop in 2020-21 is forecast to reach its second highest level ever.

Source: fibre2fashion.com - Jan 04, 2020

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Turkish exports hit $180.46B in 2019

Turkey's exports amounted to $180.46 billion, up 2.04 percent, in 2019 compared to the previous year, the country's trade minister said on Jan. 3.

Ruhsar Pekcan said that despite all the hurdles in 2019, Turkey once again broke records in exports hitting a historical high.

"Last year, imports dropped 8.99 percent to reach $210.4 billion," she noted, adding that foreign trade deficit fell 44.9 percent from $54.3 billion to $29.9 billion.

Foreign trade made a record contribution of 4.7 points to the country's growth, the largest contribution seen in 18 years in Turkey.

The government supported exporters with 3.2 billion Turkish liras ($540 million) last year, she said, and added: "This is the largest figure for supporting exports in the history of the country. In 2020, we will raise this to 3.8 billion [Turkish] liras [$640 million]."

Referring to the global problems, she said uncertainties due to global trade wars, Brexit process and regional conflicts reduced the volume of global trade and growth.

"Turkey was one of the best performing countries in international trade in 2019," Pekcan said.

The country's services exports rose 10.3 percent to reach $46.6 billion, posting $28 billion services trade surplus in 2019, the minister said.

In 2019, the export/import coverage ratio was 85.8 percent in 2019, up from 76.5 percent in 2018, she added.

Germany main destination for Turkish exports in 2019

In 2019, Turkey's exports of raw material -- intermediate goods -- were $85 billion, consumption goods $72.7 billion and capital goods $21.5 billion, according to a press release by the Trade Ministry.

Motor land vehicles was the largest export item of the country with $26.88 billion. Germany was the main destination for Turkish exports with $16.6 billion, down 4.15 percent year-on-year in 2019, while the U.K. ($11.28 billion) and Iraq ($10.2 billion) followed it.

The country made most of its imports from Russia ($23.1 billion), Germany ($19.3 billion), China ($19.1 billion), the U.S. ($11.9 billion) and Italy ($9.3 billion) during the last year.

December figures

Meanwhile, the country's exports rose 4.87 percent to reach $15.4 billion in December 2019, compared to the same month previous year. Imports dropped 20.05 percent to stand at $20.1 billion year-on-year in December.

While Germany was the main destination for Turkey's exports with $1.3 billion in December, Russia remained to be the largest import source of Turkey with $2.3 billion. The export/import coverage ratio was 76.5 percent in the month.

Source: hurriyetdailynews.com - Jan 03, 2020

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Bangladesh: RMG value addition drops by 3.31pts in July-Sept

Value addition in the country’s readymade garments sector dropped by 3.31 percentage points in the July-September quarter of this fiscal year of 2019-20 compared with that in last fiscal year as the country’s exporters were losing competitive edge due to overvalued local currency and increasing cost of doing business.

According to a Bangladesh Bank review on the RMG sector, the value addition in the sector dropped to 61.01 per cent in July-September of FY20 from 64.32 per cent in FY19.

The sector’s value addition, however, was 60.44 per cent in July-September of FY19.

Economists and exporters said a slowdown in the global economy due to the US-China trade war also resulted in a slump in consumption of RMG products.

The consumption fall also forced the country's exporters to lower prices, they said.

Although economists and exporters have been demanding an immediate devaluation of the taka, finance minister AHM Mustafa Kamal recently announced that the local currency would not be devalued against the US dollar.

The country's RMG manufacturers imported raw materials worth $3.14 billion in July-September of FY20 against export of $8.06 billion in the period.

The RMG sector imported raw cotton, synthetic or viscose fibre, synthetic or mixed yarn, cotton yarn and textile fabrics, and accessories for garments as inputs for the production.

The import of raw materials represents 38.99 per cent of the country's export value.

In FY19, the country's export earnings of the RMG sector were $34.13 billion.

For the production of the export items, the sector imported raw materials worth $12.18 billion, representing 35.68 per cent of the RMG export value.

Mentioning the RMG sector's 83.52 per cent contribution to the country's overall export earnings, the BB report said, 'We need product diversification in our export basket.'

'Some of our competing countries have already succeeded in product diversification in last decade. Vietnam emphasised electronics and other value-added export products,' it said.

Due to Bangladesh's high dependency on RMG in export basket, any instability in this sector in future could result in huge unemployment and trade deficit in the country, the BB report said.

The central bank also suggested medium- and long-term measures to tackle challenges in the sector.

‘Factory to port communication should be developed to reduce lead time domestically,’ it said, adding, ‘We have to ensure utilities supply with reasonable price along with one stop service in trade procedure and documentation in product transaction.’

‘Moreover, for continued progress in RMG export earnings, we can try to expand our market in emerging countries along with the prevailing markets,’ the central bank report said.

Due to the global slowdown, the country’s export earnings fell for the fourth consecutive month in November of the current fiscal year.

In July-November of FY20, the country’s export earnings fell by 7.59 per cent to $15.77 billion from $17.07 billion in the same period of FY19.

Of the total export earnings, volume of RMG exports fell by 7.74 per cent to $13.09 billion from $14.18 billion in the same period of FY19.

‘The EPB data spots another dent in the export growth curve. Such continuing negative growth (for four months in a row) last happened in the March-June period of FY12,’ Bangladesh Garment Manufacturers and Exporters Association president Rubana Huq said recently.

She said such decline testified that the competitiveness of the RMG industry in Bangladesh was really in danger and the country was not aligned at all with the global competitive scenario; particularly the exchange rate movement of the taka against the competing currencies remained inconsistent.

Rubana also said that shutting down of factories in recent months especially after the minimum wage hike in December in 2018 was taking its toll on the export industry.

‘The latest data from the official source of the US and the EU show that Bangladesh is significantly lagging behind our competitors in terms of growth during the third quarter of 2019, i.e. July-September 2019. During this period, Bangladesh registered 1.70 per cent growth in the US whereas

Vietnam grew by 14.23 per cent, India 3.93 per cent, Cambodia 15.56 per cent and Pakistan 6.58 per cent,' she said.

Source: newagebd.net - Jan 04, 2020

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Cotton sees slump in Turkey, expected to recover

The cotton sector is a major component of Turkey's textiles industry. Cotton yield in 2019-20 is expected to go down a bit owing to a number of reasons, but the cotton base remains strong. A Market Intelligence (MI) report from Fibre2Fashion.

Turkey's image as a high-quality apparel producer is well known, but what is often forgotten is that the country that serves as the link between the East and the West, between Europe and Asia, is also an important player in the cotton industry.

Turkey has been a significant exporter of cotton and cotton products to the European Union (EU), and the cotton sector is a vital component of the country's textiles and apparel industry. The sector, however, is expected to see a marginal slump this year as a result of a shrinking domestic market and an economic downturn. Hope for a resurgence lies in the country's strong cotton base, backed by favourable policies.

The Immediate Backdrop

The textiles industry is a major contributor to the Turkish economy, accounting for 16 per cent of its total exports in 2018. Since 1985, Turkey has invested $90 billion in the sector. Turkey figures in the list of top five countries based on yarn production capacity and is at the sixth position in the production of ready-to-wear items.

Turkey's production capacity is estimated at 7.5 million spindles and 700,000 rotors. The country's textile exporters are known for faster order response time and higher quality products. Nearly 36,000 companies operate in the sector.

Turkey is also a significant supplier of cotton and cotton products to the EU. Cotton significantly accounts for growth and development of Turkey's textile industry. It has contributed to exports, foreign investments and employment in the textiles and apparel industry of the nation.

Besides, Turkey is a major importer of high-quality US cotton, and should remain so in the future due to the continuous development of modern technologies and expansion of production facilities in the country. Turkey imported $682 million worth of US cotton in 2018. Despite the 3 per cent anti-dumping surcharge, the US accounted for 41 per cent of the total cotton imports with 99,312 metric tonnes in the first six months of marketing year (MY) 2018-19. The US cotton share will be 45 per cent by the end of MY 2018-19. The EU remained the leading market for Turkish textiles and garment exporters due to geographical proximity, short response time and good quality products.

The county has been facing an economic downturn since mid-2018, including the depreciation of the Turkish Lira. The currency depreciation has helped exports of the products but affected the purchasing power of domestic consumers. The inflation rate was 20 per cent in February 2019.

Production: The three major cotton growing areas are the Aegean, Çukurova (near Adana on the Southern Coast) and GAP regions. Small amounts of cotton are also produced around Antalya. Aegean cotton is recognised to be of the best quality and preferred by textile producers. It has more staple length (1 5/32") than cotton from Çukurova (1 3/32") or the GAP (1 1/8") region, although the quality of cotton has improved significantly in the GAP region due to improved seed quality.

Click here for more details

Source: fibre2fashion.com - Jan 03, 2020

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Pakistani industrialists envisage Chinese collaboration to modernize growing textile industry, boost export

According to the Pakistani government, the textile industry contributes nearly 60 percent to the country's total exports, rendering it the major industrial sector of Pakistan which plays an important role in the economic growth of the country.

In addition to the export, the textile sector has also been serving the local population of about 200 million people. Being a labor-intensive industry, it offers entry-level jobs for unskilled labor, especially in the clothing sector which has been particularly suitable for female workers.

Nevertheless, Pakistani industrialists argue that the textile industry of Pakistan faces challenges including lack of product and process innovation and difficulty in obtaining financing for new facilities, looking forward to investment from and collaboration with China to boost the export of textile products and modernize the growing textile industry.

Muhammad Amjad Baig, a textile entrepreneur and chief executive officer of Lead International, a consulting and trading company, told Xinhua that China can greatly help modernize Pakistan's textile industry and reduce trade barriers between the two countries which will ultimately boost the export of textile products from Pakistan.

"Lack of product and process innovation, heavy reliance on local and traditional raw materials and technologies, leadership and management skill gaps, compliance issues as perceived by international buyers, high cost of capital and difficulty in obtaining financing for new facilities are some of the major problems the textile industry of Pakistan is grappling with," Baig said.

The entrepreneur said Chinese companies can bring technology and higher skills with them which would improve the productivity and efficiency of the textile sector which largely lacks technically skilled labor and supervisory staff.

"The two countries need to collaborate and develop corporate and strategic alliances for different parts of supply chain integration," he said.

Pakistan exports a wide range of items including raw cotton, cotton fabric, cotton yarn and thread, knitwear, bedwear, woollen carpets and rugs, garments, towels and tents, and there are different sub-sectors within the textile industry including spinning, weaving, processing and stitching.

Despite a slowdown in recent years due to multiple factors including the depreciation of the Pakistani rupee, a substantial recovery has been witnessed in the last two years mainly due to the incumbent government's support and viable policies forged to make the country's textile industry on a par with regional and other competitors.

According to the latest data released by the Pakistan Bureau of Statistics (PBS), the export of textile products has increased 2.43 percent in the first quarter of the 2019-2020 fiscal year (July 1-June 30) as compared to the previous year. The figures from the PBS showed that textile worth 3.37 billion U.S. dollars was exported during the period from July to September 2019 as compared to the amount of exports of 3.29 billion U.S. dollars in the corresponding period of the last fiscal year.

The government has taken special measures to encourage industrialization and export, and the business scenario is changing swiftly in the country.

All Pakistan Textile Mills Association, in collaboration with the government, is in process of formulating a long-term textile policy to set the direction for the sustainable development of Pakistan's textile sector. Textile experts in Pakistan envisaged 100 percent increase in textile products export to 26 billion U.S. dollars in the next five years.

In a conversation with Xinhua, Ehsan Ali Malik, a renowned businessperson and chief executive officer of the Pakistan Business Council, said the Chinese textile companies lead the textiles trade globally.

He said the Pakistani government should make viable efforts and policies to attract Chinese enterprises to Pakistan so that they do not turn to other countries in the region for relocation of industries as they are also struggling to attract Chinese companies.

Chairman of Department of Garment Manufacturing of National Textile University Faisalabad Abher Rasheed told Xinhua that Pakistan and China can collaborate in two main areas which are equipment manufacturing and fiber development. China has the capacity in both areas while Pakistan has comparatively cheaper workforce available. Joint ventures in both areas could create a positive impact, he said.

"Capacity building of Pakistan's textile industry may also serve the needs of the Chinese population in the long run," Rasheed added.

Source: china.org.cn- Jan 03, 2020

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Cambodia's garment, textiles, footwear exports up six per cent

In the first 10 months of 2019, Cambodia's exports of garments, textiles, footwear and travel products were up 6.45 per cent. Export rights have been granted under the preferential trading system to 78 garment, footwear and bag factories. There has been a 24 per cent increase in the number of such registered facilities. There was a 170 per cent increase in the bag factories registered.

Cambodia has seen positive effects of the US-China trade dispute, which has prompted a surge in garment and footwear registrations.

The growth of garment factories last year got a boost mainly because of the need to find alternative sourcing destinations away from China. Growth in travel goods factories was strengthened by the eligibility of the products for the US' Generalised System of Preferences.

More than 500 factories in Cambodia employ more than 7,00,000 workers. To boost exports to international markets, the country is continuing to strengthen the supply chain and diversify the exports market through integration within the Asean Economic Community.

Efforts are being made to improve capacity and efficiency by strengthening human resources and reforming management and administrative structures, as well as improving public services.

Cambodia's economy depends heavily on its garment and textile industry, and the EU is its largest export market.

Source: fashionatingworld.com - Jan 03, 2020

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Pakistan: Cotton market remains dull

The Karachi Cotton Association, however, kept its spot rates pegged at Rs8,900 per maund.

There was an increase of Rs50-75 in the prices of phutti (seed cotton). Cotton price also went up by Rs50-100 after Pakistan Cotton Ginners Association (PCGA) issued its annual production report which noted a fall of 20.77 per cent as compared to last year.

Cotton experts said that though buyers are ready to pay higher prices for quality cotton, however sellers are avoiding entering deals.

Meanwhile, the PCGA figures show the 8.15 million bales reached ginning factories between Jan 1, 2019 to Jan 1, 2020. This shows a fall of 2.14m bales — or 20.77pc — when compared to the 10.27m bales which reached ginning units in the year before.

In Punjab, 4.69m bales reached ginning factories in the abovementioned period as compared to 6.173m bales a year ago, showing a fall of 23.84pc which translates into 1.469m bales.

Sindh saw a fall of 16.18pc this year as 3.45m bales came to the ginning factories compared to last year's 4.11m bales.

According to the PCGA report issued, 7.965m bales were produced out of which textile sector purchased 6.99m bales while exporters purchased 54,630 bales. During the year, 304 ginning factories remained functional.

The following deals were reported to have changed hands on ready counter on Friday: 600 bales, station Rahim Yar Khan, at Rs9,150; 400 bales, Fort Abbas, at Rs9,700; 1,000 bales, Kot Sabzal, at Rs9,125; and 1,800 bales, Liaquatpur, at Rs8,500.

Source: dawn.com - Jan 03, 2020

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NATIONAL NEWS

Govt to retain exports scheme till March after WTO asked for its scrapping

The government had decided to discontinue MEIS--its largest export promotion scheme--after the WTO said it distorted trade.

A scheme to promote exports will be extended till March 31 this year though the government had decided to discontinue it under pressure from the World Trade Organization (WTO), a business association has said.

The government has not officially announced extending the Merchandise Exports from India Scheme (MEIS) but it will stay till the new Foreign Trade Policy begins on April 1, said the Federation of Indian Export Organisations on Thursday.

The government had decided to discontinue MEIS--its largest export promotion scheme--after the WTO said it distorted trade by providing direct subsidies. The organization, in November 2019, ruled against India in its trade dispute with the US and asked it to stop all export promotion schemes within four months.

Finance Minister Nirmala Sitharaman announced in September a new scheme named Remission of Duties or Taxes on Export Products (RoDTEP) to replace MEIS for all goods exports. Government officials said RoDTEP, would also be based on MEIS and is estimated to cost Rs. 50,000 crore in tax rebates but the rates are yet to be decided.

Indian industry had opposed withdrawing MEIS, arguing they needed government support to ride out a global slowdown blamed on a trade war between the US and China.

"The issue of MEIS benefits on specified products of apparel and Made-ups (is that the word?) is likely to be resolved soon and thereafter exporters would be eligible for benefits till 31 March along with Rebate of State and Central Taxes and Levies (RoSCTL) benefits," said FIEO president Sharad Kumar Saraf. Benefits under the RoSCTL have been provided to the two sectors since is in place since March.

MEIS—introduced in 2015 by merging five schemes—incentivises merchandise exports of more than 8,000 items. Exporters earn duty credits at fixed rates of 2 per cent, 3 per cent, and 5 per cent, depending upon the product and country.

The exporters federation said that certain products, for which additional MEIS benefits of 2 per cent had been removed on 7 December, will also have their benefits reinstated till March 31.

Source: business-standard.com - Jan 03, 2020

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PM Modi steps-in, reviews state of economy; Plan for $5-trillion GDP

Prime Minister Narendra Modi on Friday reviewed the state of the economy and other crucial issues with the council of ministers and key secretaries, with a focus on vision documents of various ministries for the next five years, an official source told FE. The meeting will continue on Saturday as well.

The interaction follows a series of meetings that the Prime Minister held with various stakeholders, including captains of industry, electronics players and textile and garment companies, in recent weeks to seek their inputs on the economic slowdown and what can possibly be done to catapult India on to a high growth trajectory. He is learnt to have sought specific inputs on what policies are working and what are not. The economic expansion plunged to an over six-year low of 4.5% in the September quarter, with analysts predicting a prolonged phase of slowdown.

TAKING STOCK

- Around 10 **'sectoral groups' of secretaries are to give presentations before the PM** and other ministers
- **Focus on how to beat the slowdown**, help India become a $5-trn economy and ensure ease of living
- **Friday's meeting saw the presentations of some secretaries**, more presentations to follow on Saturday
- **PM had earlier met captains of industry to seek views** on which policies are working and which are not

Sources had earlier told FE that as many as 10 "sectoral groups" comprising secretaries of several departments were to give presentations before the Prime Minister and other ministers over two days through Saturday. Key ministers, including home minister Amit Shah, finance and corporate affairs minister Nirmala Sitharaman and commerce minister Piyush Goyal, are understood to have attended the meeting, among others.

Some of the ideas presented in these vision documents may find mention in the next Budget. The two-day meeting is expected to focus on ways to boost growth as well as private investment and help India turn into a $5-trillion economy by 2024, as envisioned by the Prime Minister.

The raft of measures taken by the government recently to perk up growth — including the corporate tax rate cut, push for credit offtake, recapitalisation of state-run banks, a WTO-compatible scheme to boost exports, and a Rs 25,000-crore fund (including contributions by LIC and SBI) committed for housing – is believed to have been reviewed. Steps required to ensure "ease of living" are understood to have also featured in the discussions.

The economy is going through a critical phase. Already, citing growth concerns, Moody's recently trimmed India's sovereign rating outlook to "negative" from "stable".

Industrial production shrank in September to an eight-year low, while eight core infrastructure industries witnessed their worst contraction at least since April 2005 in September. Exports declined in five of the first eight months of this fiscal, and banks' non-food credit growth has been hovering around a two-year low.

The Modi government had first set up the sectoral groups in 2016 on key areas, including finance and corporate affairs, commerce and industry, agriculture and allied sectors, transport and communications, energy and environment, health, sanitation and urban development, education and social development, governance and crisis management.

Source: financialexpress.com - Jan 04, 2020

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Slight dip in Indian merchandise exports

India's merchandise exports from April to November 2019 were down by about 1.99 per cent. Fortunately, the order book position of Indian exporters is very encouraging. The faint volatility in the currency has also been a positive factor.

Liquidity is also improving though it can get better. Infrastructure improvement and initiatives on the logistics front will impart further competitiveness to India's exports. If the global situation improves, which is likely in the first half of 2020, India can look for a 15 per cent growth in exports during the next financial year.

However, Indian exports need to be aligned with the changing import patterns of the global economy. Half of the global imports today are accounted for by electrical and electronic products, automobiles, machinery, petroleum products and plastic products.

Unfortunately, the share of such products in Indian exports is less than 33 per cent though petroleum products account for roughly half of it. India's global share in such products is much less than one per cent. With the R&D advantage and the professional manpower at its disposal, concentrating on sectors where global trade is likely to rise further will yield benefits for India. It is estimated that FDI can help in expanding India's share in global high technology imports to about two per cent in the next three years.

Source: fashionatingworld.com - Jan 03, 2020

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Pending IGST refunds leave Tiruppur exporters in the lurch

Over 250 exporters in Tiruppur have been categorised as "Risky" by the Customs Department. Industry sources told BusinessLine that the exporters were in the dark about "Risky Exporter Status" categorisation for a long time.

"The Risk Management Centre for Customs in Mumbai had identified some exporters as "Risky", as they claim IGST refund (on FOB value) and the department had felt that the IGST claims were wrongly made. The issue came to the fore in June, and has remained unresolved for the last six months.

Working capital lost

“This has only resulted in complete erosion of working capital as IGST claims of over ₹500 crore have been locked up. The exporters are in dire straits,” an industry insider said, highlighting his plight.

Yet another exporter, preferring anonymity said that there were varied interpretations about this categorisation of “risky exporter”. Small exporters have been trapped, he added.

Exporters say that they are not against verification of the claims, but the delay has impacted their business operations badly.
Liquidity crunch

“We have been facing huge financial crunch since the roll out of GST. Withholding of IGST claims has further aggravated the issue. Non-release of IGST claims is the issue at this juncture,” the source said.

However, industry sources hope that some relief will come their way soon, particularly after their interaction with the Prime Minister last week.

The Apparel Export Promotion Council has, in the meanwhile, organised a meeting with the Commissioner of Customs, Tiruchi and Tuticorin at Tirupur on Thursday, specifically to discuss the issue of Risky Exporter status.

Source: thehindubusinessline.com - Jan 04, 2020

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E-commerce cos may get to upload GST e-invoice for vendors

In a significant relaxation for the ecommerce sector, the government could allow online platforms such as Amazon and Flipkart to upload e-invoice for vendors under the goods and services tax (GST) framework. As part of ongoing trials of e-invoicing, a detailed set of clarifications in the form of frequently asked questions have been issued.

"Ecommerce operator can request for e-invoice on behalf of supplier," the clarification said. The matter has been taken up by the government and could be allowed once the trial period is over, a government official told ET. "Trials are now on...It will require an amendment... The issue has been taken up." The GST Network has issued a detailed set of FAQs.

"Allowing ecommerce platforms to undertake e-invoice compliance on behalf of suppliers would go a long way in facilitating compliance for such suppliers," said Prashanth Agarwal, partner, PwC. Given the criticality, it's important for businesses to keep track of them. Further, businesses should participate in the testing phase as part of their preparation to go live on April 1, Agarwal said.

Voluntary uploading of e-invoices on the GSTN portal kicked off from January 1, for businesses having turnover over Rs 500 crore. For businesses having annual turnover over Rs 100 crore will be effective from February 1. Only 10,000 line items per einvoice would be allowed, as per the FAQ. Foreign services providers will have to set up local entities to integrate with the invoice registration portal (IRP), as per the FAQs.

Experts say these clarifications will help businesses gear up for the new system."With specifications for e-invoice API being released to various companies, the government's intent to soon implement it is reinforced," said Abhishek Jain, tax partner, EY.

"FAQs released provide clarification on ambiguities such as no requirement of invoice registration portal validation for delivery challans and bill of supply, 10,000 line items being allowed per e-invoice, amendments in the GST law on invoicing to align with e-invoices, etc and its timely release should help businesses gear up better for this new system." The e-invoice system of uploading invoices on government portal will be mandatorily rolled out for businesses with turnover over Rs 100 crore from April 1.

Also, for B2C invoicing issued by businesses with annual turnover over Rs 500 crore, an electronically scannable quick response (QR) code will be mandatory from April 1. The e-invoice will help streamline the indirect tax system and ensure better compliance by keeping a check on tax evasion.

Source: economictimes.com - Jan 04, 2020

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Shoppers Stop to set up apparel manufacturing unit in Telangana

The Telangana government and Shoppers Stop entered into a Memorandum of Understanding (MoU) in the presence of Industries Minister K.T. Rama Rao in Mumbai.

According to the MoU, Shoppers Stop will set up an apparel manufacturing unit at Sircilla Apparel Park in Telangana.

"Delighted that the apparel manufacturing unit of Shoppers Stop will be coming up at Sircilla. Employment opportunities to hundreds of women will be created and a huge step forward for apparel park, Sircilla," said Rama Rao.

The MoU was signed by state's Principal Secretary, IT & Industries, Jayesh Ranjan and Shoppers Stop Managing Director & CEO Rajiv Suri.

The minister also held talks with industry leaders from the textile sector in Mumbai. He explained to them the investment opportunities in Telangana.

KTR, as the minister is popularly known, gave an overview of the progressive industrial policies and also the single-window clearance system under TSiPASS. He also mentioned the industrial parks coming up in the textile sector in Telangana.

KTR also met the pharma leaders and representatives of the Indian Pharmaceutical Alliance. He highlighted the investment opportunities in the pharmaceutical and life sciences sector in the state.

"Minister thanked the Indian Pharmaceutical Alliance for the opportunity to present at their apex council meeting. aceTelangana's ambitious agenda is to double the size of our life sciences ecosystem from 50 Billion USD in 2020 to 100 Billion USD by 2030 & create 400 thousand new jobs," he said in a tweet.

Source: webindia123.com- Jan 03, 2020

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CIRCOT introduces lint-based cotton marketing for better prices

In a first-of-its-kind initiative, the ICAR-CIRCOT on Tuesday set up three new ginning machines which are likely to assure higher prices to cotton farmers than the minimum support price (MSP). The pilot project was launched at Hinganghat APMC yard — the major cotton mandi of Central India.

The concept aims to change the way cotton is traded in the country beside promoting quality enhancement using best varieties.

Presently, the farmers get rates only on the basis of raw cotton which consists of lint and seeds. The lint percentage is around 32 to 37% while the rest is the seed weigh. The lint is priced at Rs115 per kg while seeds fetch around Rs25 per kg by ginners.

Irrespective of the lint percentage, growers get a flat rate which is Rs5,550 per quintal as on date.

The research body has pushed for marketing the lint after processing — that is segregating the lint from the seed before it is weighed for auction. This will enable growers bringing better quality cotton to get more than the MSP per quintal.

The CIRCOT led by its director PG Patil implemented the project at Hinganghat through its regional Ginning Training Centre (GTC) off Amravati Road. A GTC team comprising principal scientists SK Shukla, SV Ghadge, scientists K Pandian and SS Kautkar along with NGO Agro Plus visited the cotton hub to roll out the project.

Shukla said the aim is to increase percentage of saleable lint to not less than 38%. "Countries like US and Australia are marketing cotton at 42% lint. The three lab model ginning machines have been given by CIRCOT free of cost to APMC. This will facilitate ginning per cent (lint out-turn) for growers," he said.

He said NGO Agro Plus president GH Wairale played a major role in convincing stakeholders, including growers to go for lint-based auction. APMC chairman Om Dalia, director Sudhir Kothari and Prashant Mohta from the industry too appreciated the concept.

Wairale said a couple of samples were processed before them and the lint percentage varied from the 33 to 35. "Cotton traders are purchasing the yield presuming 33 to 34%lint content at a flat rate of Rs5,550 per quintal. But, after ginning they realize 36 to 42% lint.

The additional 2 to 6% lint benefit goes into the pocket of the traders instead of the farmers. This is because of lack of awareness among farmers and the pricing authority," he said.

Wairale said the NGO had been pursuing the Mumbai-based textile commissioner to adopt lint-based marketing.

He said cotton marketing, too, must be done scientifically as for milk and sugar. "Cotton prices are decided on visual method by looking at staple length, micronair, grade etc.

Milk prices are decided on fat %, while sugar cane rate on sugar per cent," he said, adding new concept will add up to Rs500 per quintal of earnings to growers.

Source: timesofindia.com- Jan 04, 2020

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Textile machinery expo exhibition begins in city

Surat International Textile Machinery Expo Exhibition (SITMEE) began at Sarsana Convention Centre in the city on Saturday. Over one lakh people, including buyers from abroad, are likely to visit the exhibition which concludes on January 5.

Every year more than 5,000 new embroidery machines are purchased by businessmen in Surat, which houses around 1.5 lakh embroidery machines. Embroidery segment will help increase the city's GDP which at 9.17 per cent is highest in the country, Surat Embroidery Association president Sandip Duggal said at the inauguration.

The Southern Gujarat Chamber of Commerce & Industry (SGCCI) president Ketan Desai said future brands will get created in Surat with the help of high speed machineries. Real fabric will get an identity and be introduced to the world through Surat's digital printing and embroidery machinery.

CR Paatil, Navsari MP, who was the chief guest, said, "Embroidery has given a lifeline to the textile industry which has been reeling under recession world over. The city's textile industry is coming out of recession thanks to forward-thinking businessmen and industrialists."

The exhibition is being organized by SGCCI and Embroidery Machine Manufacturing Association with a view to promote and accelerate modernization in the textile sector.

Source: timesofindia.com- Jan 04, 2020

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2020 to be a year of reforms in India with 4 labour codes

At least 44 central labour laws are expected to be subsumed under four labour codes in 2020, making it a year of reforms as India works to bolster investments and tackle slowdown blues, according to labour minister Santosh Gangwar. His ministry is also mulling over a 'Santusht' portal soon for effective implementation of labour laws at the grassroots level.

Entering 2020, the government hopes that India would be able to implement all four codes on wages, industrial relations, social security and occupational safety, health and working conditions, Gangwar told a news agency. These are expected to improve ease of doing business and safeguard interest of workers.

Source: fibre2fashion.com- Jan 04, 2020

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